

The BEST NEWS

Baccalaureate Education System Trust * State of Tennessee Treasury Department * Summer 1999 * Volume 3, No. 2

Dear BEST Participant:



Steve Adams
State Treasurer

Nationally both public and private four-year college tuition has increased an average of more than 100 percent over inflation since 1980. Median family income has risen only 12 percent during that same time. Student aid, meanwhile, has increased in total value, but not enough to keep pace with the rise in tuition, and most of the growth in aid has been in the form of student borrowing. As a result, many Tennesseans have become concerned over their ability to afford a college education for their children and grandchildren.

With this in mind, I am pleased to introduce an additional opportunity for Tennesseans to save for their children's future college education. In addition to the current prepaid tuition plan, the State of Tennessee will soon offer an investment savings plan as well. This new plan will offer a return that is market driven while the prepaid plan produces earnings based on tuition inflation.

See the article below for more information about this new plan. Also in this issue of "The BEST News" is the 1999 Tuition Units Guide which provides the amount of units required to cover costs at various colleges; the new unit price and a Program Update on the 1999 fall payout for participants who will be attending college in the fall.

I hope you enjoy this issue of "The BEST NEWS" and find it informative. We appreciate your continued interest and participation in our program.

Sincerely,

Steve Adams
Chairman, BEST Board of Trustees

1999 Tuition Units Guide

This guide provides examples of the number of units it might take to cover tuition, mandatory fees and room and board at various universities and higher education institutions based on fall 1999 tuition rates.

Guide to Using Tuition Units

University & Fees	Units Needed For 1 Year		
	Tuition & Board	Room	Total
Tennessee public four-year universities			
Average of TN 4-year universities	100	137	237
Austin Peay	95	121	216
East Tennessee	94	124	217
Middle Tennessee	92	129	221
Tennessee State	89	133	223
Tennessee Tech	89	150	239
Univ. of Memphis	104	123	227
UT-Chattanooga	98	168	266
UT-Knoxville	115	152	267
UT-Martin	98	129	227
Tennessee community and technical colleges			
Average of TN community and technical colleges	48	n/a	48
TN Technology Centers	36	n/a	36
Tennessee private universities (sample)			
Average private university in TN	378	158	536
Carson-Newman College	430	144	574
David Lipscomb Univ.	347	153	500
Fisk University	324	182	506
Lambuth University	289	156	445
Lee University	250	144	394
LeMoyne-Owen College	255	150	404
University of the South	705	196	900

The table above shows approximately the number of tuition units needed to pay for college costs if your child was attending college this school year (1999-2000). The standard double occupancy dorm room and meal plan rates apply. This table should only be used as a guide. Check with your favorite college or university for actual tuition, fees, room and board rates. Tuition units may be used at any accredited college or university in the nation. The schools listed above are only a sample.

Investment Savings Plan Coming Soon

In addition to the current prepaid tuition plan, the State of Tennessee will soon offer an investment savings plan as well. The state is currently in contract negotiations with TIAA-CREF, the firm chosen to manage this new plan. This will give parents another opportunity to save for a child's future college education.

Under the investment savings plan, any person may contribute to a savings account established with the Program on behalf of a child. The contributions would be invested by the Program in a product which changes asset allocation (equities vs. fixed income) over time based upon the age of the child. For example, the asset allocation for a younger child would be more aggressive and more equity investments would be used. As the child grows older, the investment allocation would gradually shift to a more conservative approach by using fixed income securities.

This new plan offers the same tax benefits as the prepaid plan but could earn rates in excess of tuition inflation. Individuals can participate in the prepaid plan, the savings plan or both, but transfers are not allowed between the programs. Plans to implement this second plan are scheduled for January 2000. More information will be available in the near future by calling **1-888-486-BEST**.

New Unit Price

The unit price for purchases by ACH, payroll deduction or check will increase to \$29.00 during the period of August 1, 1999 to December 31, 1999. During the period of January 1, 2000 to July 31, 2000, the price will increase to \$30.25 per unit. If you currently purchase a certain number of units each month through ACH or payroll deduction, remember to adjust your amounts to reflect the new price. All changes must be in writing.

Customer Service Corner

Below are some frequently asked questions received on our customer service hotline **1-888-486-BEST**.

Q How much notice do you need in order to stop my automatic bank withdrawal?

A We need a minimum of **four** working days prior to your withdrawal date to stop your withdrawal. However, the more time you allow for changes to your automatic bank withdrawal, the greater the chance of having the change take place on the day requested.

Q How long do prepaid tuition units have to be on account before they are available for use?

A Two years. Tuition units must be purchased two years prior to use. For example, a student who wants to use tuition units in fall 1999, must have purchased the units prior to August 1, 1997.

How Many Units Do You Have?

Do you need to access your account information but can't call during our office hours? With the simple touch of a few buttons, you can easily access your account information 24-hours a day by phone without going through a customer service representative. You will be asked to provide your contract number and the last four digits of the beneficiary's social security number so be sure to have those numbers ready when you call. You will be given the account balance of units and the last four deposits or withdrawals since the most recent statement.

This service is an asset to those callers who just want to know if we have received a payment or how many units are on their account. You can access this information 24 hours a day by calling **1-888-486-BEST**.

Tuition Payout Update

If your child is age 17 or higher and getting ready to attend college, it's time to start thinking about how and when you want to use your BEST prepaid tuition account. You should have received a Tuition Use Form, a consolidated statement, and an instruction guide to help you complete your Tuition Use Form. If you have not received this information and have a child who will be entering college soon, please call our office at 1-888-486-BEST to request this information. Remember, all units must be on account at least two years before they can be used.

Visit Our Web Site

www.treasury.state.tn.us/best.htm

You Should Be In Pictures

You may have noticed in our publications and on our web site that we favor pictures of children. Of course, our main objective is to *Educate Our Children* – so children are our focus. We are looking for new photos. If you think your future college student with a BEST contract should be in pictures, please send us a photo and be sure to include your name and phone number. Some suggestions are: babies, children in an education setting or children playing. Although space is limited, we'll consider photos of acceptable production quality for future publications. Send a 3½ x 5 photo or larger (sorry, we can't return it) to: BEST, Andrew Jackson Bldg., Suite 1340, Nashville, Tennessee 37243-0253. You will be contacted if we publish your photo.

Payroll Deduction

Payroll deduction is available to all employers and offers the same benefits as the ACH debit. You can automatically make regular contributions to a BEST account. This will ensure that your contribution is not overlooked. Contact your employer to find out if payroll deduction for BEST is available. If payroll deduction is not available, encourage your employer to contact our office for more details.

Program Statistics

- ✓ 5,540 participants have enrolled totaling more than
- ✓ \$14.5 million in assets (market value)
- ✓ 580,138 units have been sold

Counts as of June 30, 1999

Group Presentations

Do you belong to a group or organization whose members would like to learn about BEST? To arrange to have a speaker at your organization's next meeting call the BEST Customer Service Hotline at **1-888-486-BEST**.

Wondering When You Need To Stop Making Contributions?

All contributions to a BEST account should be stopped no later than two years before the start of the beneficiary's final semester. However, you may continue to make contributions if the beneficiary plans to pursue education beyond graduation.

Call us...

Toll Free!

1-888-486-BEST

The BEST News is published semiannually to keep participants of the Baccalaureate Education System Trust informed of program enhancements and other program activities. Please send your comments and/or suggestions regarding article topics for future issues to: Doris H. Goodson, Editor, Baccalaureate Education System Trust, P.O. Box 198786, Nashville, TN 37219-8786.

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